

Health and Human Services Transformation Project (HTP) Long Term Care Stakeholder Council Minutes

Date: October 9, 2008

Attendees: Commissioner Toumpas, DHHS
MaryAnn Cooney, DHHS
Katie Dunn, DHHS
Nancy Rollins, DHHS
Valerie Hamilton, DHHS
Gordan Allen, NH CARES
Kelly Clark, AARP
Paula Faist, NH Adult Day Services Association
Erin Hall, Brain Injury Association
Deborah Hopkins, Private Provider Network
Mike Lehrman, NH Catholic Charities
Doug McNutt, AARP
Betsy Miller, NH Association of Counties
John Poirier, NH Healthcare Association
Barbara Salvatore, SCOA
Maureen Stimpson, Medical Care Advisory Committee
Carolyn Virtue, Independent Case Management Association
Pam Jolivette, NH Coalition of Aging Service

Topics Discussed

Commissioner Toumpas (CNT) opened the meeting with introductions.

CNT stated that his original plan was to use this second round of meetings to discuss transformation and use the council as a sounding board for transformational ideas. But the reality of the economic condition has changed the focus of the meeting to a budget discussion to include the status of the maintenance and change budgets and the Governor's Executive Order. CNT stated that he wanted to use the rest of the meeting to discuss ways to individually and collectively respond to the situation and brainstorm ideas and thoughts about ways to approach reductions. CNT stated that he is committed to being transparent and open in these budget discussions.

CNT then discussed the eStudio tool, which will enable collaboration around the budget topic. He stated that Rich Regan would give a 15-minute tutorial on the web-based tool at the end of the meeting.

General Budget Discussion

Commissioner Toumpas discussed the budget situation and that even with the Executive Order directing a reduction of \$14.8 M (which has already been accounted for) earlier this year, there is still a \$110 M shortfall due to decreased revenues. The Governor met with the Commissioners and stated that they would have to make more cuts. The Governor stated that he would be responsible for \$55 M and the State Agencies would have to come up with the rest. DHHS is responsible for \$31.7M General Fund. CNT stated that we also have a couple of other shortfalls that DHHS must add to this number,

which includes a \$3 M IT deficit and a \$7M structural deficit. DHHS therefore must plan for a shortfall of \$45M.

CNT stated that the Governor has restricted these reduction methods that state departments can use. Departments cannot use rule changes, state plan amendments, or legislative process except for the fiscal committee. DHHS is required to put a plan together and over to the Governor by October 27th. The Governor will then review the plans over the month of November. Reductions must be in place by December 1, 2008 and finished by June 30, 2009.

CNT stated that these cuts also impact the '10 & '11 budgets, which are currently at 97% of '09. This will lower the baseline for the Governors phase of the budget.

DHHS Options

1. Personnel

Not looking at layoffs as a way to deal with this budget shortfall. 70% of DHHS positions are direct care. Examples of these programs include TANIF, Food Stamps and Child Protective Services. CNT stated that we have 3,300 current authorized positions and a vacancy rate of 270. Going forward we will freeze all non-direct care positions. Waivers would be required to fill any of these positions.

2. Stop paying for training and tuition reimbursement.

3. Find ways to reduce IT expenses. This is a huge challenge as technology is so intertwined with the programs.

4. Eliminate all non-essential consultants.

5. Review programs

- state funded program;
- programs that have been federally funded in the past and that are now solely state funded;
- new programs over the past 2-3 years.

6. Review rates across the board for adequacy.

State Departments are currently developing their maintenance and change budgets. CNT stated that we are currently seeing an increase in inflation, which relate to increase in caseloads. This grows the maintenance budget. The SFY '09,'10 and '11 maintenance and change budgets must be in the system by October 9, 2008. From there they are rolled up and published. This becomes a public document on October 14, 2008. The new Affinity computer system is being implemented. There will no longer be Class 90 money. There now has to be one on one line items, no more broad categories. In the long term, this will give us tremendous information.

CNT explained the three broad areas, which are the focus of DHHS. These include Health and Medical, Long Term Care, and Human Services. He stated that when he presents the budget to the Governor he will present it from broad categories of need in these three areas. This allows better focus to tackle the challenges and benefits.

CNT stated that service segments are influenced by different factors:

- Human Services is driven by the economy. Caseloads are high right now. Food Stamps and any other assistance program are currently off the charts. Hopefully this is temporary;
- Long Term Care is not related to the economy, it is related to age of the population. New Hampshire population is growing but only in the older population segment;
- Health and Medical is driven by what we are doing to help New Hampshire citizens become and stay healthy. Change initiatives include medical home pilot and pay for performance reimbursement methods.

CNT summarized by saying that this is the really big picture. He stated that going forward with the budget he would make it very clear that additional resources are needed to fulfill the mission. But because of the budget reality he is asking for input from stakeholders. He also stated that he would be working with the SEA as a fourth group.

CNT stated that he wanted to avoid jeopardizing the possibility of transformation in the midst of this budget shortfall. He asked the question, “How do we communicate the gravity of the situation to the public when we know legislators feel there are still places to cut?” We want to make this a real conversation, not an abstract budget message.

CNT told the Stakeholder Council that he wanted to set up meetings for November, December, January and February.

Open Discussion

CNT: When I speak about the maintenance and change budgets, it is not an academic exercise. It is our task to tell the Governor what we need.

Erin Hall (EH): The Governor stated that he is going to take half of the responsibility for the \$110 M. Where does he plan to make the cuts? Hopefully, not from the same places as the agencies.

CNT: Commissioners asked that question and the answer was “No”.

EH: What about the Rainy Day fund? \$10M was committed to the energy program.

CNT: There are a number of different theories, but one is that if you are a family sitting at the kitchen table and someone loses their job, you are going to look at cutting spending. The Governor did not say “No” to the Rainy Day fund, but it would be a reservoir of last resort. We are not yet at a level of certainty. We do not know where the bottom is.

Gordan Allen (GA): We appreciate the realism of the maintenance and change budget but we need to make a case for the numbers with the Governor. If we are paying \$44 M now, our budget will be \$22 M.

CNT: We may come up with things that the Governor may not want to do – but we must tell him what we need. I am meeting with him next week

John Poirier (JP): Are you looking at proposing to end some programs? You can look at everything and try to keep things going but at some point it doesn't work anymore. At some point we have to stop doing some things or the dynamics will never change.

CNT: We have said to the Health and Human Services Oversight and Fiscal Committees that we cannot do it anymore. We have to manage the structural deficit. We have told them that we cannot tinker around the margin. We already have 270 vacant positions with NHH and Glencliff Home at capacity. The District Offices are seeing people coming in the door that they have never seen before.

A member of the group stated that we must focus on our priorities from a need standpoint. We can restructure this and look at a more efficient way of doing things.

CNT: We have until November 10th for the Governors phase of the budget. This is a huge challenge. We do not want to just make a cut across the board.

Nancy Rollins (NR): This isn't just an auditor's exercise. It is really a culmination of what is legislatively required. Balance is the key. Do you do several things not so well or do a few things really well.

Pam Jolivette (PJ): State dollars do a lot to leverage funds with matching federal dollars and community dollars.

CNT: No question. It is important for the Governor to understand that these dollars are highly leveraged because of federal dollars. The federal government plays a huge role in the financing of the Department of Health and Human Services. Medicaid, CDC, every program from Federal agency is shifting down to the state. They are limiting funds but auditing aggressively. There was some talk that the federal government was going to increase the federal match. But that is now dead.

Katie Dunn (KD): I have two comments regarding the budget. Due to the restrictions of no state plan changes or rule changes that have been placed on decreasing the budget; we are very limited in our ability to make changes through Medicaid. Time is also an issue when dealing with these types of changes for SFY '10/'11 budget. It will take 6-9 months for a state plan change and 9 months to a year for a rule change.

Doug McNutt (DM): Nick, you stated that you had transformational ideas. You must be thinking about these now to implement them for June of 09.

CNT: My Senior Management Team is working to flush out these ideas. We want to vet them with the stakeholder councils. We want to focus the transformation around the three segments, Human Services, Long Term Care and Health and Medical. Human Services has the Front Door Project. This is a virtual front, which will ease the way that the clients come into the system. It won't save \$45 M but it is going to save some money and it is a start.

DM: If you go to the legislature at the beginning of the year instead of rule making, they may be able to agree to something.

GA: Another thing we can look at is not only what we leverage but also what is being done at the local level. If we can get a transformational idea, maybe we can get more local involvement.

CNT: Just because you don't fund it doesn't mean that it goes away. I want to get to the local level and the Municipal Association to make them part of the plan. We are talking about the NH citizens. Everything is linked.

NR: Where the providers are involved, the philanthropic piece, people are not giving.

Betsy Miller (BM): We need to look at LTC and leveraging matched dollars at the county level.

GA: Keith from the Human Services group really gets it at the local level. At some point we organized by senate and house district. Hospital folks and others came in and met with their delegates. This is the type of thing that could happen if we were to come up with some good ideas. These groups will work in ways to communicate at the local level.

CNT: Executive Councilor Burton holds District Council meetings. We sit around a table and talk for one hour and listen for one hour. Other Executive Councilors could replicate this in other places. Executive Pignatelli was lukewarm to the idea until she held one, then she was blown away by the results. This is what we want to do.

GA: We looked at a broad range of issues. These delegates met with the shakers and movers within the communities. We looked at big issues and thousands of people attended.

CNT: So in November we will share our budget with the Governor by breaking it down into the three segments. We are going to be looking at all contracts and creating a database. The Governor may ask, "How many people do you send money to?" and we will be able to share this information. We can even share this at the local level.

Barbara Salvatore (BS): I am thinking of the private/public relationship and thinking out of the box. Take the state liquor stores for example. Why don't we turn half of the liquor store into a pharmacy and sell our own prescription drugs.

CNT: That is really thinking out of the box. We do need to look at ways to review business policies to see if we can change things and be more efficient. Drive out non-value added things. We must look at why we are doing certain things. For instance are we doing it to comply with a federal regulation or as a result of our own rules? This requires a change in culture.

GA: Another idea would be to allocate slot machines and disperse gambling.

Paula Faist (PF): As a provider we are already on a fixed income. If our income gets cut, that is drastic if we aren't getting any money. It is hard for us to comply.

CNT: As we move forward we may want to have a smaller group to streamline issues.

MaryAnn Cooney (MAC): We should share ideas through eStudio. We may not be able to solve the nursing crisis right now, but we may make changes in a couple of years.

Carolyn Virtue (CV): As much as I agree that there are deficiencies, the Department of Health and Human Services has done a phenomenal job at keeping the budget lean. It seems like a lot of money, but look at what we are doing for that money compared to what other states are doing. We have already weeded out a great deal of people. We are already only helping the most indigent. At what point do we say we have no place to cut?

Deborah Hopkins (DH): Representing providers, we do not want to lower the bar. We need to have a common language as to when and why we will stop. There are many common ways we can work with the communities. We will have a much better voice if we worked together.

CNT: We cannot look at programs in isolation.

PF: Why do we always have cuts? We need to look at ways to bring in revenue.

CNT: We will use eStudio to share these ideas and review documents in between meetings.

Rich Regan gave a 15-minute overview of eStudio.

Meeting adjured at 4PM.